

Message Text

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ACTION NEA-10

INFO OCT-01 AF-04 ISO-00 SAM-01 SAB-01 CIAE-00 DODE-00

PM-03 H-01 INR-05 L-01 NSAE-00 NSC-05 PA-01 RSC-01

PRS-01 SP-02 SS-15 USIA-06 IO-04 EUR-08 AID-05 EB-04

CIEP-01 TRSE-00 STR-01 OMB-01 CEA-01 COME-00 FRB-01

XMB-02 OPIC-03 LAB-01 SIL-01 FEA-01 INT-05 OES-02

FPC-01 /100 W

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R 291740Z OCT 74

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 3635

INFO ARAB SUMMIT CONFERENCE 23

AMEMBASSY NOUAKCHOTT

C O N F I D E N T I A L RABAT 5266

E.O. 11652: GDS

TAGS: ECIN EFIN EGEN EINV MO

SUBJECT: ECONOMIC RESULTS ARAB SUMMIT

REF: RABAT 5235

RABAT 5253

1. FOLLOWING RESOLUTION PLO-JORDANIAN ISSUE, WHICH DOMINATED DISCUSSIONS AT ARAB SUMMIT, CHIEFS OF STATE UNDERSTOOD TO HAVE FOUND FEW MOMENTS TO DISPOSE OF ECONOMIC ISSUES ON AGENDA. GENERAL OBJECTIVE OF ECONOMIC AGENDA--LARGELY DISCUSSED IN SIDE TALKS--WAS TO SEEK WAYS TO DEPLOY OIL MONEY TO POLITICAL, SOCIAL, AND DEFENSE INTERESTS OF ARAB STATES. THIS REQUIRED AGREEMENT IN FOUR AREAS: (A) HOW TO LEVERAGE ARAB OIL REVENUES TO RESOLVE MIDDLE EAST ISSUE IN ARAB FAVOR WITHOUT JEOPARDIZING WORLD TRADE/ FINANCIAL STRUCTURE TO TOTALLY COUNTERPRODUCTIVE DEGREE; (B) HOW TO REGAIN AND HOLD SUPPORT OF SUB-SAHARAN AFRICAN STATES, SOME OF WHOM HAVE BEGUN TO QUESTION WISDOM OF SHIFT TO ARAB SIDE AS IMPACT

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HIGHER OIL PRICES ON THEIR ECONOMIES CONTINUES UNRELIEVED; (C) HOW

MUCH FINANCIAL SUPPORT IT REASONABLE TO DEVOTE TO INDEPENDENT ARAB ARMS INDUSTRY IN LIGHT OTHER DEMANDS; AND (D) HOW NEWLY RICH ARAB WORLD TO RELATE IN LONGER TERM TO DEVELOPED ECONOMIES, MORE PARTICULARLY TO EUROPE.

2. NOT UNEXPECTEDLY, GIVEN INORDINATE TIME SPENT ON JORDAN/PLO ISSUE, MOST OF THESE OBJECTIVES RECEIVED LITTLE DISCUSSION AND CERTAIN ISSUES APPEAR TO HAVE BEEN PUT ASIDE FOR FUTURE CONSIDERATION. BEST CURRENTLY AVAILABLE RUNDOWN OF AGREEMENTS FOLLOWS:

- (A) PRIORITY TO BE ACCORDED INVESTMENT TO LESS-WELL-ENDOWED ARAB COUNTRIES.
- (B) STATUTES PROPOSED BY FONMINS RE ARAB TECHNICAL FUND (NOT YET PUBLICLY AVAILABLE) WERE RATIFIED BY CHIEFS OF STATE.
- (C) FUNDING FOR AFRO-ARAB BANK INCREASED, AS PROPOSED BY FONMINS, FROM 15 TO 25 MILLION DOLLARS.
- (D) AGREEMENT REACHED TO CONVOKE AFRO-ARAB SUMMIT, POSSIBLY IN CAIRO, FOR PURPOSE OF CEMENTING ARAB RELATIONS WITH BLACK AFRICA.

3. COMMENT: INVESTMENT PRIORITY TO ARAB STATES STRIKES US AS "AGREEMENT IN PRINCIPLE", IT REMAINING TO BE SEEN WHAT CONTENT THIS WILL BE GIVEN. AFRO-ARAB SUMMIT DECISION IMPLIES WILLINGNESS TO CONSIDER EITHER INCREASED DIRECT AID OR PREFERENTIAL PRICING OR FINANCING FOR OIL. EFFORTS CONTINUING TO OBTAIN INFORMATION SUBSTANCE DISCUSSIONS ON POSSIBLE FUTURE USE OIL WEAPON IN LIGHT WORLD ECONOMIC SITUATION, AND PLANS FOR EURO-ARAB COOPERATION. END COMMENT.

4. DECISION ON CREATING ARAB DEFENSE INDUSTRY BEING OF HIGH SIGNIFICANCE US ARMS EXPORTS AS WELL AS DEVELOPMENT ASPIRATIONS AFRO-ARAB COUNTRIES, THIS ELEMENT BEING REPORTED SEPARATELY. NEUMANN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ARAB, PETROLEUM, FOREIGN INVESTMENT, SUMMIT MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974RABAT05266
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740308-0960
From: RABAT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741010/aaaaahue.tel
Line Count: 93
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: RABAT 5235
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 14 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Aug-2002 by worrelsw>; APPROVED <10 MAR 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC RESULTS ARAB SUMMIT
TAGS: ECIN, EFIN, EGEN, EINV, MO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005